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Quick Guide

5 CRM Strategies for Effective Cross-Selling and Upselling

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People love a good deal.

Whether we're buying 'three for two', 'adding fries with that', taking advantage of a 50% off summer sale or opting to 'buy in bulk and save', neuroscientists have proven that when we take advantage of discounts, we get an instant hit of the feel-good hormone oxytocin.

The Wall Street Journal's Dan Ariely said it best in an advice column he wrote in 2015:

"Happiness is often a relative judgement about the distance between where we are and where we could have been. If we think that something could have been better, we feel bad, and if we think that something could have been worse, we feel good by comparison. So when we buy something at a great discount, it is easy to compare our situation to the alternative scenario of paying full price — and we feel fantastic."

Effective cross or upselling produces this same effect in customers. It's equally attractive to businesses because when it's done right, it improves customer loyalty, deepens customer relationships and ultimately, increases customer lifetime value and retention.

Just look at Amazon.

You'd be hard-pressed to find an Amazon shopper who has never been tempted by a 'Customers who bought this item also bought' recommendation.

How effective is this tactic? In 2020 it generated roughly $135bn in sales for Amazon, which equates to 35% of their total revenue.

Cross selling and upselling are key strategies to bring in more revenue from customers, but how do you know if and when to implement them? How do you increase revenue effectively using these strategies? Let's explore.

The difference between cross-selling and upselling

In general, upsells aim to get buyers to spend more in a single transaction by presenting a more appealing, albeit more expensive, package or product. Cross-selling means conveniently offering related or helpful products to address other needs that likely accompany a shopper's initial purchase or cart.
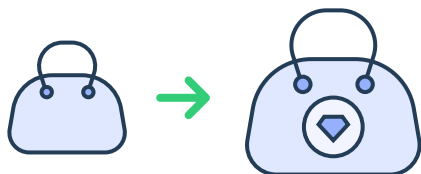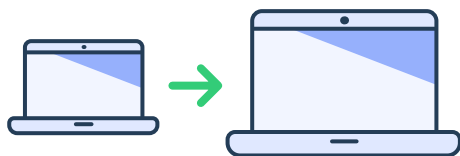
UPSELLING   **CROSS-SELLING**

Effective cross selling and upselling strategies

1 Get personal

It's a fairly safe assumption that customers who have just bought a pair of jeans may well be in the market for a belt. However, if past purchase data shows that customer to be a sneakerhead, offering a pair of Adidas TMAC 1 LeBrons is far more likely to drive a cross-sell.

The same is true for upselling. If past purchase behavior shows a particular customer only ever buys from you when a sale is on, trying to upsell them from the budget ASUS Vivobook they've been looking at to an ASUS ROG Zephyrus gaming laptop is never going to work.

Effective cross and upselling takes the following factors into account:

- Average order value
- Customer lifecycle stage,
- Product affinity and
- Past purchase behavior

In a study published by eConsultancy, 33% of respondents claimed to have seen a 'major uplift' in website conversion after

implementing web personalization. By building automated workflows that trigger personalized recommendations based off CRM data, you'll greatly improve the efficacy of your cross and upselling efforts.

"One of the very early difficulties we had when it came to personalization was just using basic information, such as a customer's name, to be able to personalize our emails and other communications, but we're able to do so much more now as a result of using Emarsys and looking at the different systems and how they integrate with one another. Really I think it starts, from an Emarsys point of view, at where a customer is in their lifecycle. So you make use of whether a customer is new, whether they're active, becoming unengaged, and when they become inactive as well."

Sebastiano Elia, Head of CRM & Customer Insight

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2 Bundle up

Simply put, bundling groups related products that are assumed to be of relevance to a customer. The idea is to reduce decision complexity and the number of actions in a buying decision whilst adding value to customers.

Again, Amazon does this well in the 'Frequently bought together' section of the page. Bundles are often offered at a discounted price to help sweeten the deal and drive conversion.

If you don't already offer bundles, take a look at which products and services your customers frequently buy together. Segmenting CRM data in a number of different ways (ie. by lifecycle stage, purchase frequency, average order value, etc.) can uncover patterns in buying behavior that are invaluable when it comes to building an effective cross and upsell strategy.

3 Kill complexity

Human beings make no less than 35,000 decisions each day. Paralysis by choice is a very real problem - the irony of giving people too many choices is that they end up choosing nothing.

Keep this in mind when you are building cross and upselling workflows or special offers and be sure to stick to these guidelines:

- **Don't suggest cross or upsells cold**. Ensure you're either working off existing customer data or that your customer has already added a product to their shopping cart before offering cross or upsells, or you risk bombarding them with choices too soon.

- **Limit the number of cross or upsell suggestions.** Again, the less is more principle comes into play here. For cross-selling, 3-5 suggestions is ideal. For upselling you can comfortably get away with 1-3 if you pay close attention to the next point…

- **Answer 'why' for upsells.** Context is critical for upsells. If you can't clearly explain *why* a customer should fork out 15% more than they are willing to pay for an item they've already chosen, your upsell will fall flat.

"One thing to be clear on is ensuring that the customer is clear at their shopping bag what the total cost of their order will be, including standard delivery at the very least, because if consumers are entering checkout not being clear on this then the chances of them being happy to add a suddenly presented cross-sell to their order is extremely small"

Paul Rourke, Head of Usability, PWRD

4 Use social proof

The term 'Social Proof' was coined back in 1984 in the book *Influence* by author Robert Cialdini. It's based off the simple concept that no one wants to be the canary down the mine. When we're in doubt, we take cues and advice from people who've already been there and done that.

The following types of social proof can prove effective when motivating customers to choose a cross or upsell:

- **Testimonials and reviews.** Reviews and testimonials are the most potent form of social proof. Make sure reviews and testimonials are displayed prominently on product pages and that they are relevant to the specific cross and upsells you are trying to drive.

- **Awards and accolades.** While these may not drive cross and upsells specifically, displaying them on relevant pages will go a long way to building trust with customers.

- **User generated content.** Including a widget on your product pages that features user generated content that's related specifically to a product you are trying to upsell is a great tactic to drive conversion.

- **Influencer marketing.** Think of this as User Generated Content (UGC) on steroids. Sending bundled products for influencers to review and then featuring those

reviews on product pages is an excellent way to motivate a cross-sell.

- **Referral marketing.** Huge strides have been made in recent years to digitize referral marketing to the point where it's now widely considered as an acquisition channel in its own right.

When you consider the fact that, according to Bizrate Insights, 91% of online shoppers read at least one review before making a purchase, the case for social proof is an obvious one.

5 Think 'post purchase'

The cross or upsell opportunity shouldn't end at the point of sale. There's a wealth of opportunity to build automated email flows that offer cross-sell opportunities.

These could either be included with purchase confirmation emails or could be staggered to triggered after a set amount of time has passed.

This is especially effective with items that come with consumables. New printers will eventually need ink, kids' toys need batteries, coffee machines need beans, and razors need blades.

Referral marketing is also an effective post purchase tactic.

Huge strides have been made in recent years to digitize, track and attribute ROI to referral marketing. So much so that it's now widely considered as an acquisition channel in its own right.

"Referred customers have an 11% higher AOV, and have up to double the lifetime value compared to other customers, they are also 5x as likely to refer their other friends as well, so it's really a snowball effect that keeps giving. The more new customers you get through referral, the more they are going to refer... it's really an acquisition channel that scales as your customer base does."

Kat Wray, Technology Partner Manager

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Final thoughts

In summary, the most effective cross and upsell campaigns all have the same thing in common - a wealth of CRM data to draw from in order to reach a deeper understanding of who exactly your customers are, what they want and how to deliver that.

Without these fundamental building blocks in place, it becomes difficult to achieve the level of personalization required to run successful cross and upsell campaigns.

The Emarsys customer engagement platform helps you achieve true 1:1 personalization by unifying customer, product and sales data and enriching it with AI. With Emarsys, you can automated campaigns for:

- **In-session complimentary cross-sell**
- **Post-purchase cross-sell**
- **Post-purchase category upsell**
- **Merchandised cross-sell**
- **Warrantee cross-sell**

Watch our 3 minute demo to see Emarsys in action or book a demo to experience it for yourself.

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